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UNITED STATES OF AMERICA.

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HARD TIMES AND THEIR REMEDY.

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ADDRESS

BY

HON. THOMAS FRANCIS BAYARD.

Hard Times and their Remedy.

AN ADDRESS

DELIVERED BY

HON. THOMAS FRANCIS BAYARD

AT McFARLAND'S GROVE,

NEAR NEWPORT, DELAWARE,

AT A HARVEST HOME FESTIVAL,

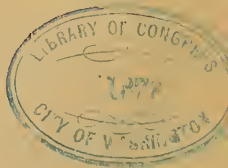
IN AID OF THE

NEWPORT M. E. CHURCH.

Thursday, August 29, 1878.

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"To scatter plenty o'er a smiling land,
And read their history in a nation's eyes."

WILMINGTON:
JAMES & WEBB, PRINTERS.
1878.



HARD TIMES.

At the Harvest Home, near Newport, on August 29th, 1878, Senator Bayard delivered, by invitation, an address on "The Present Depression in our Country; Its Cause and Remedy." Mr. Bayard spoke as follows:

Ladies and Gentlemen, Friends and Neighbors: The object of this assembly is to co-operate in aid of a religious society to assist in the payment of the cost of a building dedicated to the worship of Almighty God. And the subject which I have been asked to discuss before you is not inconsistent, for it involves, very importantly, our daily duties as citizens, and this, too, in a government in which the sovereign power is lodged in the majority of the people under a system of suffrage almost universal. Duty to God and duty to one's neighbor are inseparable, and constant attention and an intelligent interest in public affairs is the essential duty of every American citizen.

The subject which has been selected for me is vast and important. It cannot be stated or discussed in a single breath. It must be viewed from many standpoints, and in the end any definition will be found incomplete, and any remedy must be found rather in general principles than in limited and specific acts.

THE PRESENT DEPRESSED CONDITION OF PROPERTY AND BUSINESS IN OUR COUNTRY, AND THE PROPER REMEDIES TO RESTORE HOPEFULNESS AND PROSPERITY TO OUR PEOPLE.

I need scarcely say to you that upon such a topic it would be most unworthy and unbefitting for any man to approach it in the feeling of a partisan, especially on an occasion like this. Therefore, I shall treat this subject as a citizen, without the least intention to bestow praise or blame in any direction, and that the name of neither of the political parties into which this country has been divided shall even have mention by my lips. It is so clear and plain that the evils of bad government, or the benefits and blessings of good government, cannot be restricted to any class or party, or section of our country. I only wish to state the truth as I see it, and lay down, as far as my experience and opportunities permit, a pathway back to prosperity and happiness for all our people.

Under the force of modern inventions of steam and telegraphic communication, the great family of nations all over the world are drawn closer and closer together and becoming almost daily more and more mutually affected by the condition of each. In other words, the prosperity and welfare of any one of the nations of the world is becoming more and more dependent upon the prosperity and welfare of every other. It is a short-sighted view that would suppose any permanent advantage can come to any one nation through the misfortunes or losses of another. It is true that a vast war in Europe takes from the people of the country where it occurs their useful labor and converts it into destruction instead of production. So that we, here, at peace, find better markets temporarily, for those commodities which the industries of our people have produced, but, in the end, the gain is not permanent. So much of value has been taken out of the world by war and waste and, finally, is to be subtracted from the sum total, in which all are concerned.

There is distress and depression all over the continent of Europe, and among those nations with whom we are most intimately connected by our commerce and in our exchanges. I attribute much of this present depression to the cost and excitement attendant upon war and preparations for war, upon the maintenance of vast military establishments which drain the resources of these countries, and weigh their populations down with heavy debts. All this is visible in Germany, in Russia, in Austria, in England, in France; or, if France be possibly an exception, (which I doubt,) the reason must be found in the peculiar industrial ingenuity and close economies of her people as well as in the steady wisdom displayed in the management of her finances.

In our own land there are additional causes appertaining only to ourselves. There is a law of natural philosophy by which reaction will inevitably succeed perturbation; and, in the moral world as in the physical, the pendulum of excitement will swing back upon the opposite side just so far as originally disturbed from the centre.

The wild and terrific excitement which convulsed this whole land from centre to circumference, the dreadful sanguinary and costly war which raged from 1861 to 1865, would, of itself, in the nature of things, have been succeeded in the ordinary course of events by an era of reaction and depression. And, moreover, this was not a foreign war. There was no indemnity to be gained such as Germany extorted from France, no acquisition of new provinces, but it was between sections of our own country. A war in which every victory was won from our own people, so that in a pecuniary sense there was, in victory or defeat, the same inevitable results of loss of money, loss of labor, men, and property. Let me read you a few

words from the financial history of the war, by Mr. Spaulding, written in 1869.

He had been chairman of the sub-Committee of Ways and Means of the House of Representatives during the war.

“The withdrawal of such a large number of youthful laboring men into a vast army of unproductive labor *and the mistake made in the over-issue of paper currency* so inflated prices as to materially increase the expenses of the war. * * * The demand for money was wholly unprecedented; nothing ever recorded in history equaled this demand, and it reached to such overwhelming amounts that the careful observer must look back with amazement that the Government was able to pass through such a crisis.

“The authorization of a loan of \$900,000,000 in one act, and an increase of the public debt in one year, of over \$940,000,000, over and above customs, duties and internal taxes, are matters of history. The amount of the issue of paper currency and temporary obligations was almost appalling. Considerably over 1,000,000 of men were at one period of the war withdrawn from productive labor. * * * The history of the human race shows no such consumption and waste in any war during a single year. \$1,153,891,136.61 expended in one year.”

These are the words of a thoughtful and patriotic man; and let me here say that this is but an incomplete and fragmentary statement of our loss as a people. Mr. Spaulding writes of the United States government alone, from which nearly one-half of the States of the Union were at that time excluded, and their history of outlays, losses and desolation is far beyond that which is here written by him, and yet, remember, they are to-day sharers in the common inheritance with us and we with them. There was the enormous public debt of about \$2,800,000,000. A sum that staggers the mind to compute, and which seems almost beyond ordinary comprehension.

There was also as one of the results of the war a duty thrown upon us, a pension list, generous and large. I have spoken, also, of the desolation of that section of the country which was the theatre of war—of whose losses we have nothing more than vague approximation, but their suffering was infinitely greater than was ever known in the North. There was violent and thorough disorganization of their labor and social systems, which brought ruin upon those responsible for the debts based upon that class of proprietorship. Then, on both sides—with all this, there came wild expenditures, extravagance—not merely of individuals, but in the expenditures of the Government itself. A habit of dealing with large sums in a reckless way. In other words, an utter loss of the sense of values, and

the man who loses the sense of relative values is a most unsafe guardian of the public treasury.

Then there has grown up a vast body of civil officials, appointed under a system which cannot bear examination—a civil service which, of itself, threatens almost the permanence and success of republican institutions. The idea that the public offices of the country were established for the benefit of the persons who fill them, is wholly wrong. The office is instituted for the public service; it is not for the benefit of the man who holds it; it is for the benefit of the people whose laws created it, and whose service is to be performed. The good and faithful servant of the public is entitled to be secured and maintained on the same principles, precisely, as the good and faithful servant of a private employer. The man who does his duty in public office owes nothing to the public. He has rendered them back *quid pro quo*. He has given them that which they were entitled to, and they have paid him no more than justly was his right. But when office has been, as we see and know, dependent not upon the excellence of the manner in which its duties were performed, but is made a reward for mere partisan exertions, sometimes services which would not bear close examination, and when the holder of the office depends upon the pleasure of the appointing power or the whim and caprice of the party to which he must look for maintenance in his place, you may be assured that his duties will not be the first and chief point of his consideration. But rather that his time will be spent in contriving how little he may do for the post, and how he may best continue in the enjoyment of his official emoluments.

An intelligent Englishman, holding a high station in his country's government, in discussing this question not long ago, told me he would be perfectly willing to undertake the conduct of our departmental business, conducting what may be called the entire clerical business of the great departments of our government, with one-third the number of our present officials, provided he could procure the same class that were employed by his government at home, men who had been trained for the work, and who knew if they did their duty they need not fear being displaced, but would find a long life of public service met at the end with pension, reward, diminished labor and public thanks. Surely there is much to instruct us in this, for I hold it to be well that we should gather wisdom whence we may, and not believe that freedom under our republican institutions means absolution from the laws of human experience and common sense. There is no magic in the name "Republic;" and there is nothing in a popular form of government that can save people any more from the result of bad management than under a monarchy, an oligarchy or any other form of less restricted power.

I have been one of your representatives at Washington for some years

past. I can well attest the great pressure there is for official appointment, and the evil, it strikes me, is not in the fact of the salaries being too high. On the contrary, I think, for the character of the service demanded, they are, in many instances, less than they ought to be. It is to the superfluous number of persons employed, and their precarious tenure that we owe our imperfect system which has led to such enormous expense.

I next class among causes of our depression, the unwise system of our tariff duties upon imported merchandise. These have been placed so high, in many cases, that they have stimulated an excessive competition at home which prevents us now from competing with other nations in foreign markets. Let me be understood. If a man is compelled to pay a high tax at the port of entry upon materials which enter into the article which he manufactures, it is plain that the manufactured article must cost just that much more. Now, when he has manufactured and seeks to export it, it goes abroad, costing him not merely the value of the material and the cost of manufacture, but also the tax which he paid at the port of entry, and he enters the foreign market saddled with this extra cost and cannot compete with men who have not that tax to pay. Therefore it is we have, in the first place, stimulated more men to enter a trade that it was advisable should enter it. If you have a son whom you wish to embark in business and you come to a town like Wilmington, or Newport, or any other place, a certain trade, profession or occupation is suggested, and some thoughtful friend says to you "That is all very well, but that business is overdone." If he wants to be a physician, your friend says the town is full of doctors; if he wishes to be a lawyer, he tells you we are overstocked with lawyers. If he wishes to keep a grocery store, the question will be, How many men are already engaged in that? Because common sense tells you there must be a variety and distribution of industries; we cannot all follow one pursuit without creating a surplus in our production or having a supply in excess of the demand, the result of which is loss to all concerned. It is just so with the effect of unhealthy stimulation in any branch of industry. When you force it by unwholesome legislation to such a condition that too many rush in, not only does loss follow at home, but when a man goes abroad with his goods and seeks to compete in other countries, he finds himself so weighed down with this very tariff duty that he cannot compete at all, and day by day competition is growing closer and closer. People learn each others' wants by mail and telegraph and supply them by steamship and railroad. And every day we are compelled, if we would be successful, to study out, carefully, the means by which we can most cheaply supply each others' needs.

Another fact. We live in an era of labor-saving inventions in which machinery, operated by steam or other power, is taking the place of simple

manual labor in almost every department of productive industry, to a greater or less extent. I will not dwell upon the great problem of the effect upon human happiness of these wonderful changes. Like almost every other great movements in the world's history, such progress is always accompanied with loss and suffering to some, although, ultimately, beneficial to all. In no land has labor-saving machinery been more rapidly adopted and perfected than in the United States. Especially has this been marked in the domain of agriculture, in which our inventors scarcely find competition. It was a known fact that, at the exposition of Vienna in 1874, the only competitors for improved agricultural machinery were Americans. Every steam-plow, threshing machine, mower or reaper that entered the Austrian soil in the eyes of Europe, had sprung from an American hand guided by an American brain. It is easy to see that, with improved agricultural machinery, three men can to-day fully do the work formerly requiring twelve. We have, in this way, immensely cheapened many articles of common use and brought within the reach of the masses comfort and luxuries a few years ago attainable only by the more wealthy. Now it is a fact that our manufacturing capacity is largely in excess of our present markets and the home demand. It has been stated, and I believe with approximate accuracy, that we have a manufacturing capacity in this country for one hundred millions of people, and we know we have not more than forty or forty-five millions of people. What is to become of the extra supply for the sixty millions? Where are the sixty million purchasers for this excessive production? We must find new markets or we must reduce our manufacturing power. No one, I think, will be willing to accept the latter alternative, and pending this state of things comes a period of distress. It is an interregnum, a standstill, during which the vast forces of society are seeking to adjust themselves to the new order of things. This man dismissed from agricultural labor, rather the nine men who find that the three remaining can do all the work of the former twelve, must find something else to do. I believe there are sewing machines in this country that enable a skillful man to sew as many as nine hundred pairs of shoes in a day. What is to become of the number of men who were toilingly occupied in making even a tithe of that number some years ago? They must have employment to earn a living, and pending the time when society is adjusting itself to this new order of things, it seems to me inevitable that there must be distress somewhere; it is the inevitable result. Only let those who suffer for the moment feel that there is a silver lining to the cloud, that the day will break and they will find in increased comfort and luxury, means for other occupation that shall advance them in all the arts of a civilized, and the comforts of a reasonable, life.

We must set the current of labor flowing, and employment must be found for it. What will do that? That is one of the questions which you

have asked me to consider to-day. I believe that a judicious reduction of tariff duties on all raw materials needed by our manufacturers, and which would enable them to place their goods in foreign markets at lower rates, would be an immediate relief. Oh, friends and neighbors, do not forget that there are two sides to every bargain; that in all human dealings and exchanges there must be a spirit of reciprocity; that if you wish to sell to a man you must buy from that man or help him to sell that which he has. Do not look at your own side of the bargain alone; whether of yourself as an individual or in considering the welfare of your country in which you have your stake, remember that you must give as well as take. If we would sell our products to foreign nations we must take from them materials which they produce and which we do not.

The other day I saw in the *Public Ledger* of Philadelphia a statement of an agent who had been sent by Philadelphia manufacturers and merchants to South America to see whether he could not open up an avenue of trade and exchange between Philadelphia and South America. He wrote from Valparaiso, where he found a man actively engaged in constructing railroads and operating them in conjunction with his mines of copper and other ores. This man said he wanted a number of steam locomotives; that he preferred American locomotives to the English, and that they were better; but, said he, I have not the money to pay, but I will give you commodities. If, therefore you will let me pay you with a fair equivalent in copper ores I will take half a dozen locomotives. The answer was, what can we get for copper ores in Philadelphia? They were met right at the port of entry with such a tax that no American could undertake to pay it and sell his copper at a remunerative rate. The consequence was they could not take his ore; the man had the ore and would sell it, but the American could not buy it; the laws of his country prevented him from bringing that ore to this country, and so it went to England, where there was no duty on it, and they smelted it. Certain it is that these locomotives which would have employed a large number of skillful workmen, which would have given a reward both to capital and labor, were denied to Philadelphia. Therefore, I think it is time for our people to take a broad view; a just view, my friends; an essential view of this important subject.

Another cause of depression is to be found in the enormous outlay in extended lines of railroads built, in advance of any trade, possibly, to support them, through regions of country scantily populated, which has given rise to wild speculations of almost every character and which have necessarily come down with a crash, burying bonds and stockholders in utter ruin and throwing large bodies of laboring men out of employment. The paralysis so sadly visible in our iron furnaces and rolling mills, can be reasonably accounted for from this cause alone.

There is another matter I consider more important than all, and which, more than any other single cause, creates and continues the present stagnation and depression in enterprise, in the employment of labor and, of course, in the employment of capital—I mean the uncertain and disordered condition of our money. “The money of a country,” as Mr. Calhoun once said, and was quoted approvingly by Mr. Webster, “is the life blood of the political body.”

In the first year of the war, those who had charge of the government, to use the language of Mr. Spaulding, the historian, made “material departures from sound political economy.” They resorted to the issue of treasury notes by the government, which although upon their face were payable on demand, yet actually were, and still are, not payable at all—Irredeemable. That currency was not real money; it had no value in itself, nor did it represent anything that had pecuniary value; no commodity of any kind was represented by these Treasury notes; they had back of them, simply, the honor and credit of our government. They were issued in reckless abundance, and although made a compulsory tender for all debts, rapidly depreciated to nearly one-third their face value, and in order to keep them up even to that value were, for some time, according to the printed terms, made convertible into the coin interest-bearing bonds of the Government. That was the case of the first notes called greenbacks that were issued. “This note is a legal tender for all debts public and private, except duties on imports and interest on the public debt, and it is exchangeable for United States 6 per cent. bonds redeemable at the pleasure of the United States after five years.” That was on the 10th of March, 1862, when the first of these notes was issued, but on the 1st of July 1863, the right to convert these notes into bonds was repealed. In 1864 the amount of such notes “issued and to be issued,” that is to say the amount then outstanding and such as might thereafter be issued, was limited at four hundred million dollars. In December, 1865, the House of Representatives voted to reduce and pay for these notes, and I want, for one moment, to show you the true history of this matter which the people seem, now-a-days, wholly to have forgotten in their distress and in looking for a remedy which I know to be delusive and unreal.

On the 4th of December, 1865, Mr. McCulloch, Secretary of the Treasury, in his report, says :

“That the legal tender acts were war measures passed in a great emergency; that they should be regarded only as temporary; that they ought not to remain in force a day longer than would be necessary to enable the people to prepare for a return to the gold standard, and that the work of retiring the notes which have been issued should be commenced without delay and persistently continued until all are retired.”

On December 18th following, 14 days after that time, the House of Representatives passed the following:

“Resolved, That this House cordially concurs in the views of the Secretary of the Treasury in relation to the necessity of a contraction of the currency with a view to early resumption of specie payments, as the business interests of the country will permit; and we hereby pledge co-operative action to this end as speedily as possible.”

One hundred and forty-four men voted for that resolution and but six voted against it. I cite this to show you the history of these things. I cannot draw your attention to anything more important, and what was truth then is truth to-day. The laws of health do not change because men become sick—indeed it is then they must be most carefully consulted and obeyed.

And this policy continued. On the 12th of March, 1866, both houses of Congress, by overwhelming majorities, passed the following resolution:

“That of U. S. notes not more than \$10,000,000 should be retired and canceled within six months from the passage of the act, and there—after not more than \$4,000,000 should be retired in any one month.”

That went on till January, 1868. At that time Mr. McCulloch's plan was indorsed by both parties, overwhelmingly. It retired and cancelled \$44,000,000 of these notes, so that we had \$356,000,000 demand notes to pay, and no more. In 1872, under some pressure or other, under the administration of the Treasury by Mr. Boutwell, \$5,000,000 of these notes were reissued, but so strong was the feeling at that time that the act was unwarranted, that the notes were recalled into the Treasury before Congress met, and when Congress met, the Committee of Finance, upon which I have been assigned for duty since I was a member of that body, agreed that the re-issue of these notes was without warrant of law, and so reported to the Senate.

But in 1873 a great crash came. The system of credit—the over-blown system of confidence—the system that had stimulated men to believe that the great primeval decree that men should eat bread by the sweat of their face, was in some way repealed, and that people could grow rich without labor, and Congress could ordain that people should be prosperous and happy without following natural laws. I need not tell you the history of the wretchedness and misery that ensued. You remember the terrible failure of Jay Cook & Co., of Philadelphia. You know the failures that followed all over this land from that time until now. I have seen the list of creditors of bankrupt bankers which I think no humane and feeling man could

read unless he read them through his tears. The hard-earned savings of a whole life time of honest toil, the little sum that some frugal working woman, that some pains taking wife had gathered up to protect her children, was swept away. It will be always the necessary consequence of the disregard of those laws in regard to property which are beyond human repeal and which human contrivance never can expect to evade. And yet it seems the people are now invited to renew such scenes—by renewing the systems of finance which caused them. But in 1873, under that state of things, Mr. Richardson, then Secretary of the Treasury, suffered \$28,000,000 of these demand notes, which had been retired and canceled by law, to go back into circulation, which, under a certain permissive act of Congress was allowed, thus bringing the volume of legal tender notes from \$356,000,000 to \$384,000,000. Under the operations of the law passed in February, 1875, commonly called "The Resumption Law," thirty-six million dollars of these notes have been retired, but as they were retired, upwards of forty million dollars of national bank notes were put out in their place, so that to-day the amount of outstanding demand notes of the Treasury is about \$347,000,000.

The act of 1875, commonly called "The Resumption Act," provided that all these notes should be redeemed and paid in coin at the Treasury on presentation on and after January 1st, 1879. Under this belief, with the very prosperous condition of our crops and foreign exports, and with the confidence that there was honesty and good sense in the American people, and that there would be an execution of all these ideas of American finance, which no one would have disputed until a few years ago, the premium upon gold has faded to almost nothing. There is scarcely a brokerage between it and the demand notes of the United States, and silver is even less valuable than Treasury notes. That is to say, that at the present time, $412\frac{1}{2}$ grains of silver, nine-tenths fine, can be purchased for 90 cents or less in Treasury notes, and in that ratio for larger sums. I do not mean that the coined dollar of $412\frac{1}{2}$ grains can be purchased for that sum, because the Government of the United States has wisely reserved to itself the privilege and profit to turn 88 cents worth of silver into 100 cents in coin, and say it shall be received for that amount. But that does not change the value of that which composes this piece of money. Coin has a legal value and a market value, and no government on earth can establish a market value. The consent of the mercantile world is necessary to establish a market value. However, you may say that resumption is almost practically accomplished because the equivalent between the promise to pay and actual payment is almost reached, or is promised to be actually reached if we will but stand fast but a very little longer.

And in considering what *are* the causes of our present distress, let me comment on what is *not* a cause, although so loudly proclaimed to be. We hear and read, daily, the allegation that the volume of the currency has been

contracted, and that "contraction" is the cause of men's present poverty. That there is actually a scarcity of these notes, less than the reasonable demands of business require. I cannot imagine how, in face of the facts, such a charge can be gravely made. If any man will look at any newspaper of to-day, or of the past three years, containing the quotations of the money markets in any of the money centres of the Union, he will find the rates of interest running somewhere about 3, 4 and 5 per cent. per annum. Can that be because there is a scarcity of money? or does it not show that there is not a scarcity, but a plethora? that if some men at least had not so many notes they would demand more for the use of them? You can borrow at low rates in all these cities, upon undoubted security, because there is more money lying idle than there is demand for in business. I do not speak of men who have no credit; that is another question. Print or coin all the money you please; ordain what rate of interest you will, how is a man to get money unless he has something to give in exchange for it? or unless he works for it, or gives security for its return? Some persons seem actually to believe that we can make every poor man rich by setting printing presses in motion, or stamping base money. If a man would have money he must have property or service to give in exchange for it, or be able to give satisfactory security if he would borrow it.

But the tables of the Treasury will show you, so far from the fund for circulation having been lessened since the passage of the Resumption act, it has actually been increased.

Thus, United States Treasury notes, national bank notes, coin and coin certificates amounted, on January 1st, 1875 to \$805,465,084, and on May 1st, 1878, amounted to \$825,849,931, an increase of over \$20,000,000. Therefore, I am amazed when I hear the cry that the contraction in the volume of the currency is the cause of our present business depression, because there has been no such contraction. I cannot understand how men can so mislead themselves, as well as others. The only contraction took place under Secretary McCulloch's policy, so warmly indorsed by Congress, between 1866 and 1868; then it was arrested by speculators and men who had embarked wildly in the purchase of property on speculation fixed at war prices, buying at rates which were unreasonably high, and fixed in a paper money greatly depreciated and not redeemable. Can they be maintained? Permanently—no; the writ of a man cannot do it. Temporarily—perhaps; infuse into the American people the sanguine spirit of speculation, the wild excitement that has been witnessed by many of you; give them to believe that prosperity is coming in some imaginary shape or form, and that their lands will be worth double their present prices, and their crops three times as much as they are now, and they will trade in accordance with their hopes—their dreams. You and I have lived long enough to remember such eras of wild speculation.

I can remember when a piece of mulberry tree that a man would now cut out of his pasture field and throw on his manure heap would have brought him several dollars. That was the *morus multicaulis* mania. It was one of the periodical manias to which the human mind is always subject, which the thirst and hunger for gain will occasionally give rise to, and I remember many of my old friends, in Wilmington, filling their grounds with these plants which were presently to be cut down and used as pea sticks, and yet they were considered valuable for the time. And you see that even in the midst of their strange hallucinations and imaginings the *morus multicaulis* was even then simply a mulberry plant, and nothing more. Instead of bearing the gold they looked for in its branches, it was simply the tree which nature had designed it. It might be made a tree of hopes, but the end appointed came just as certainly as any, in which man sets out in opposition to the laws of nature.

I say I am amazed to hear the cry of contraction, because the Treasury has in circulation more money by \$20,000,000 than there was before the Resumption bill became a law, and the circulation is increasing every day, because the Government is buying bullion and rapidly converting it into silver money at the rate of \$3,000,000 or \$4,000,000 per month, so that there must have been a very considerable addition since the passage of the silver remonetization act.

But there was another cause for our present distress. It was the incredible policy pursued from 1869 to 1874 in relation to our bonded debt by those in charge of the Treasury.

There are men of business around me who necessarily have obligations and have studied wise and sensible methods of meeting them. Now, when a man has a number of debts not due and a number that are due, which does he pay first? In common sense, whether as dealing for others or for himself, what would be sound management and wise finance? Why, credit is the soul of business. Credit is the poor and honest man's best shield. It gives to him something that enables him to compete with mere capital, and every man who wishes to prosper will know that he must always guard his credit. Now, what is credit? It is to pay when you have promised to pay; to pay the note that is due to-day and not the one due next year; to meet your demands as you are called upon, according to your contract. This is common sense, common honesty; it is so plain and manifest a duty that I don't see how any one can be found to deny it, and yet it was wholly utterly disregarded, and the incredible fact stands manifest that, with this enormous debt out-standing in a loan, with twenty years to pay it at the shortest, it pleased those in charge of the finances of the country to force these bonds to the highest possible price in the market and then buy them in

at the highest premium they could pay. It made vast profits for somebody, but it exhausted the country at the very period when all its resources most needed husbanding. You know that to-day there is great distress. In distress, men will look for anything to find fault with. There are men to-day who only seek a pretext, however shallow, to get rid of our just public obligation, but the man who values his private credit should stand by the credit of his country, for where is private credit when the public credit is gone? The payment of these bonds not due was unwise; it seemed to me financial madness, but a law was passed early in March, 1869, called "An Act to Strengthen Public Credit." I do not doubt that it was, by most of those who voted for it, well designed—there is something in strengthening public credit that sounds well, and appeals strongly to public favor—but see what it did. It undertook to settle by a legislative declaration the question whether the bonds of the United States were payable in paper or coin, and the law of March, 1869, said they should be paid in coin. Now I am not discussing the question whether the law before that time made the bonds payable in coin or no, but I do know, in the platforms of the new parties now organizing, that this law of 1869 is assailed, and its repeal demanded. Now what made such a law necessary? Nothing that I can conceive of, for I tell you that if one-fourth part of the money that was paid out of the public Treasury in purchasing bonds not due, at a large premium, had only been expended in bringing our demand notes to par and restoring specie payment, there would not have been a question as to what our bonds were to be paid in. For whether paper or gold would matter not if the demand note of our Government was as good as gold—and convertible into it at the will of the holder. From 1869 to 1873 over \$500,000,000 of gold was sold by the Secretary of the Treasury and the proceeds expended in buying in at a high premium bonds not due, and not a farthing was spent in paying the demand notes, and thereby bringing them to par with coin, as easily could have been done.

When an edifice is tottering, what part do you prop? The sides? the roof? or that upon which both side and roof depend for safety? You secure the foundation. So that I say in this case there was, to my judgment, the wildest and most disastrous error. I will grant there was patriotic feeling; the best intent. Whatever the wrong may have been it is not for me to discuss that now; it is the way out of it, and the remedy I propose now to discuss, and in which we all have the deepest interest. I look upon the disregard of the plain, simple business principles of finance and common sense in the pre-payment of a debt not due at a vast premium, which ought not to have been paid between 1869 and 1873, and see in it the greatest cause of distress. But admitting all this distress and deploring it deeply, I cannot consent to the question whether we are to obey the laws constitutionally enacted. And yet we find American citizens declaring in public

resolutions that acts of the Government are not binding upon them because they did not concur at the time of their passage in their becoming laws. No government of laws can stand upon such a doctrine. Every man must feel that he is as much bound to obey the law which he has done his best to oppose the enactment of, as the law he had done his best to procure.

But you know there is a very large number of American citizens, especially in the Western States, who are demanding that the volume of legal-tender greenback notes shall be enlarged. The extent of the enlargement they do not agree about. Some unhesitatingly declare it shall be unlimited; it shall be large enough to pay off the whole national debt in greenbacks to the amount of hundreds of millions of money. There are others, again, who see that such rank dishonesty is nothing less than open repudiation and national discredit, who do not say that, but say "we will have the greenback volume enlarged so as to absorb the entire volume of the national currency and replace it;" that we shall proceed to forfeit the charter of the national banks all over the country, wind up their affairs and replace their currency by greenbacks equal to the amount of bank notes;" and others state their claims at an amount "justly demanded by the business interests of the people"—whatever that may be. Something about as vague as that; something, as, we say, "about the size of a piece of chalk." The most inoderate who speak on this subject certainly demand that all the national bank notes shall be retired and their place supplied by greenbacks under the guise of becoming the measure of the currency. Of course, the want of constitutional power in Congress to make anything but gold and silver, legal tender as money, will arise, and to many minds as to mine will be conclusive.

I will not discuss with you many objections to that course upon the mere score of economy. There is one, however, worth your consideration. By law and constitutional precedent any instrumentality of the Government of the United States is not taxable by the States. Therefore, the notes of the United States Government are not subject to any tax, and whoever holds these notes holds property that cannot be forced to contribute in any way to the public burdens. Now, I am one of those who believe that government was instituted for the protection of persons and property; and that each man owes to government allegiance and support in return for the protection he receives; and the reason why we pay taxes is that we are rendering back our share of what we owe for the protection our Government. It seems to me that all property should bear a proportionate share of these expenses. It is right that when our men capable of arms bearing may be called forth to battle, that the property they fight to protect ought to pay some of the expenses of sending them out. For that reason it is plain to me that it was not wise in 1870 to exempt our national bonds then provided

for from Federal taxation, because I held that the Government had the right to call upon every species of property to bear part of its obligations. My amendment, however, offered in the Senate, received but few votes. And yet, to-day, there is no stronger cause of prejudice against those who hold the Government bonds than the fact that they hold an untaxed and untaxable property. They are held up as men exempt from the burdens that holders of all other property are required to pay. And to that I have but one answer to make; they took their property under the public law and back of that law stands the public honor to protect them. It never was my fortune to hold one of these bonds, but that does not make me less sensible of what is essential to the continuance of a government of laws. But, my friends, remember that this conversion into greenbacks of national bank notes, which are not a legal tender and are taxable in the hands of any holder, by state as well as federal authority—taxed very heavily, so far as can be judged by the reports of bank officers, and I see banks in New York giving up one-third of their capital to rid themselves of a taxation too onerous—remember, by such conversion you exempt a new class of property from all share in the public burdens. We are in debt, and have got to pay it or be disgraced; and I will not admit there is any alternative to the American people on that subject. Now, we must study rules of economy to do this, and the best way is to make all the property in the country that we can, contribute fairly and equitably towards it. Now, the conversion of national bank notes into greenbacks is the conversion of taxable into untaxable property.

It is argued by many that it is impossible for the Treasury of the United States to resume specie payment on the 1st of January next. The Secretary of the Treasury says he can do so; I am not here to say whether he can or not. I think he is in a post of great responsibility and I am disposed to aid him. He is not there by my voice, but he is now the custodian of your Treasury, and mine, and it is madness, and folly, for us to undertake to act in a manner hostile, unfair or hurtful to his efforts to serve us. "But," say our friends in the West, "we are in favor of specie payments. We admit the people must have an honest yard stick, an honest measure of values, but we do not want it too soon, we cannot have it just now; it must come from natural causes; the country must grow into it." Now, if we cannot resume specie payment upon \$350,000,000 of notes how can we upon \$700,000,000? So, I must say that the man who tells me that he is in favor of doubling the volume of the demand notes of the United States, and in the same breath that he is in favor of early resumption of specie payment, bewilders me—if he does not intend indefinitely to postpone resumption I must wonder at his credulity or I must do worse—suspect his honesty—I prefer to take the first course, because, in this matter, no man who considers the vast and varied matters of human government but

will feel the strongest disinclination ever to impute bad motives to those who differ with him. It is a dark business, at best ; I do not know that we always understand our own motives ; I am very sure that, with the best, we are oftentimes mistaken ; and so, it seems to me that in considering such a subject there ought to be the widest, kindest respect shown to all honest differences of opinion.

The proposition to double this volume of Treasury notes is an indefinite postponement of specie payment, and it also entrusts to the Congress of the United States—to an accidental majority—the control of the volume, and, of course, the value of the money, the medium of exchange in all our bargains and contracts. An old and frequent saying is that “the world is governed too much,” but I do not think in all the schemes of paternal government, of which we have heard so much in Europe, that anything quite so far-reaching and controlling ever was imagined as such a power in a majority of Congress. Every man’s contracts, every man’s bargains, every man’s sales would be subject to the will of the majority of Congress. Are you ready for that? Do you believe that that is the proper rule? or, is it not self interest that should control your contracts and agreements? This is a country governed by parties ; sometimes one being successful, sometimes another. Sometimes men go in upon the heels of an election, promising prosperity to certain classes, and the volume of currency and its value is to depend upon the ebb and flow of political power. There is no stability in that ; nothing an American can approve of. The great strength of this country is that it permits men to exercise their powers freely, according to the measure God has given them. There is no bar of rank, sect, party or prejudice ; it is the non-interference of the Government that permits the citizen to rely upon himself, restricted only by general laws to protect society. Heaven help us if the time shall come when the value of every man’s farm and every contract he makes is to be determined by some accidental majority in Congress that may change every two years. The doctrine is so disastrous, so fatal to sound credit and prosperity that all who have read history or studied finance see nothing but the ruin and prostration of all public and private credit and confidence between man and man. At the bottom of all human dealings lie certain simple principles implanted there by the Author of our being. One of these is truth—nothing that is not based upon truth can long subsist, and honesty is but one form of truth. The reason why gold and silver are accepted among men as a standard of value is not merely because of their attributes, their indestructibility, their durability, but because these metals truthfully represent so much human labor expended in obtaining them, and are worth so much as commodities, because it costs so much to procure them. If gold and silver shall be adulterated they are no longer true, but are false. But if unadulterated they constitute value in themselves, are exchangeable for all other values and are honest equivalents.

Paper money is a form of credit most useful and desirable when it keeps its promise and procures the value it represents when presented in payment.

When it is secured and made convertible into value at the will of the holder, no currency is so convenient or practicable. It is then an honest credit money. What is credit? *credo*, I believe; *credit*, he believes. The man who gives you credit, *trusts* you. It means faith, it means confidence; and, if the promise is *never* to be performed according to its terms, what then? Can any one here tell me the difference, in such a case, between a counterfeit and the original, when neither is ever to be paid? Let me read you here something on this subject. It is as to the issue of paper money by government—and was written by a very thoughtful and intelligent man, Mr. Charles Moran.

“Government paper money, instead of representing existing results of labor ready to redeem the paper money on demand of the holders, only represents property and lives consumed or destroyed and labor unproductively employed.

“How can such paper issues long perform the functions of money when even metallic money cannot perform them unless constantly redeemed with the useful results of labor and with useful services.

“Government paper money is a conclusive proof of impoverished and embarrassed finances, and every subsequent issue is an evidence of increasing embarrassment and poverty.

“The holders have no power to enforce payment by legal measures. No individual can enforce the most sacred claim against a Government,

“The amount and times of the issue cannot be regulated by the wants of the community, but solely by the necessities of the Government.

“In one word, Government paper money offers none of the guarantees and attributes of a successful medium of exchange, and its issue should never be permitted by any people that have a voice in their government, and any regard for their own interest and well-being. There is not, I believe, a single example on record of the power of creating money out of cheap materials having been exercised by a sovereign state for any length of time, or through any season of public difficulty without having been abused.”

Now it is proposed by those to whom I have referred, to abolish money of value and not resume its use at all, but to issue paper certificates of the Treasury, which are to be called “absolute” money, that is, absolutely never to be paid at all; and that is the sort of talk as set up in the interest of the laboring man as opposed to the capitalist. How sickening and base does it seem to be in this country to hear these cries raised of class against class of

our citizens. What is capital? The accumulation of the results of labor. What created capital? Labor and nothing but labor. What makes prosperity? Labor and capital conjoined with enterprise. What is the soul of enterprise? Hopefulness, confidence in its reward. Idle capital means idle labor, and idle labor means idle capital; the two must work together, and when they are separated, both must languish and suffer. No man is fit to be called a statesman who proposes a law that is in the interest of either capital or labor alone. In the very nature of things it cannot be; for they are rationally inseparable.

It is the duty of every man of us to stand firmly in opposition to these wild, unmeaning cries, however we may feel for the distress that causes them especially in the manufacturing centres, in the large cities to which, ever since the war, population has been unhappily streaming from the country. We do live in sad and troublous times, and we must live through them like honest men. On shipboard, when the storm is raging, and hope seems almost dead, the cry is often heard, "Break open the spirit room," but the true captain will have a firm guard at the door to keep the men back to save his ship and save the lives of the wild and foolish creatures who invoked their own destruction.

We have only to stand in the van courageously and the day will break, and we will come through our present trouble. The Good Book tells us, "Remove not the ancient landmarks which thy fathers have set," and, in the name of our fathers, of Washington, of Hamilton, of Jefferson, of Madison, of Webster, of Jackson, and of Calhoun, I ask that the ancient landmark of an honest money be not removed. Let me read you something from one of Daniel Webster's speeches:

"Sir, I pronounce the author of such sentiments to be guilty of attempting a detestable fraud on the community; a double fraud; a fraud which is to cheat men out of their property and out of the earnings of their labor by first cheating them out of their understandings.

" 'The natural hatred of the poor to the rich.' Sir, it shall not be till the last moment of my existence; it shall only be when I am drawn to the verge of oblivion, when I shall cease to have respect or affection for anything on earth, that I will believe the people of the United States capable of being effectually deluded, cajoled and *driven about in herds* by such abominable frauds as this. If they shall sink to that point, if they so far cease to be men as to yield to such pretences and such clamor they will be slaves already; slaves to their own passions, slaves to the fraud and knavery of pretended friends.

" 'The natural hatred of the poor against the rich.' 'The danger of a moneyed aristocracy.' Sir, I admonish the people against the object of

"cries like these. I admonish every intelligent laborer in the country to be
 "on his guard against such delusions. I tell him the attempt is to play off
 "his passions against his interests, and to prevail on him in the name of lib-
 "erty to destroy all the fruits of liberty, in the name of patriotism to injure
 "and afflict his country, in the name of his own independence to destroy
 "that very independence, and make him a beggar and a slave.

"Has he a dollar? He is advised to do that which will destroy half its
 "value. Has he hands to labor? Let him rather fold them and sit still,
 "than be pushed on by fraud and artifice to support measures which will
 "render his labor useless and hopeless.

"Sir, the very man of all others who has the deepest interest in a sound
 "currency, who suffers most by mischievous legislation in money matters is
 "the man who earns his daily bread by his daily toil. A depreciated cur-
 "rency, sudden changes of prices, paper money falling between morning
 "and noon, and falling still lower between noon and night—these things
 "constitute the very harvest time of speculators, and of the whole race of
 "those who are at once idle and crafty, and of that other race, too, the
 "Catalines of all times, marked, so as to be known forever, by one stroke of
 "the historian's pen, "*those greedy of other men's property and prodigal of
 "their own.*

[Oh! gentlemen! are there not some who answer that description in
 this country, and in our midst at this day?]

"Capitalists, too, may outlive such times; they may either prey on the
 "earnings of labor, by their *cent. per cent.*, or they may hoard. But the
 "laboring man, what can he hoard? Preying on nobody, he becomes the
 "prey of all. His property is in hands. His reliance, his fund, his pro-
 "ductive freehold, his all, is his labor. Whether he work on his own small
 "capital or another's, his living is still earned by his industry; and when
 "the money of the country becomes depreciated and debased, whether it be
 "adulterated coin or paper without credit, that industry is robbed of its re-
 "ward. He then labors for a country whose laws cheat him out of his
 "bread.

"I would say to every owner of every quarter section of land in the
 "West, I would say to every man in the East who follows his own plow, and
 "to every mechanic, artisan, and laborer in every city in the country, I
 "would say to every man, everywhere, who wishes by honest means to gain
 "an honest living, 'Beware of wolves in sheep's clothing.' Whoever at-
 "tempts, under whatever popular cry, to shake the stability of the public
 "currency, bring on distress in money matters and drive the country into
 "the use of paper money, stabs your interest and your happiness to the
 "heart."

Daniel Webster was a farmer's son whose early life was passed in a poverty that few who hear me to-day, ever have been forced to undergo. I have read within the last year, the account which fell from his own lips, as preserved by Peter Harvey; how he sat down to that which could scarcely be called food, and lived a life of hardship and penury, hardly known to the poorest man in this State. He was one of the greatest products of American institutions, and he never forgot that the great cry of duty to him came from the united voice of his country, and not from any class or section.

But this disorder in our affairs is curable. With us in Delaware, among the most important of our industrial pursuits is shipbuilding. In 1854 a great revolution was commenced in the world of commerce, by the substitution of iron for wood in shipbuilding. With wood abundant here, and our iron but little developed, we did not catch the idea in time to prevent Great Britain from out-stripping us, but iron has now become the great shipbuilding material, and a shipbuilding establishment is a vast and complicated undertaking not to be started in a day. Therefore, for a time, we were at a great disadvantage, created in a large measure, by unwise legislation; but as the currency has grown stronger, the confidence of our capitalists has grown stronger, and with skilled workmen, with railroads developing our iron and coal mines, shipbuilding is increasing. We have workmen full of intelligence and capacity; we have labor-saving machinery far better than the nations of Europe; and of materials, we have the best in abundance from the hand of nature.

We have a very large interest in carriage building again affected by the general depression. Our former excellent market in the Southern states has suffered from the evil consequences of the war, and since the war, an unwise and unjust policy has paralyzed their industries, and our fellow citizens in that section have been in so impoverished a condition that they could not buy from us, but that, thank God, is passing away, and as they accumulate means, they are becoming the good customers they were of yore.

Our country contains everything needful for the happiness and prosperity of our people; our resources are abundant, almost beyond comparison with other lands, our form of government permits the freest exercise by each man of his faculties. All then we have to do is, to study and develop our resources. We have capacities for production, scarcely known. The other day I was struck with an item that may seem small, stating that we imported from Europe of Osier willows for basket making, to the extent of \$5,000,000. Why, I put it to all of you living here in New Castle county, whether we cannot grow enough to supply the whole of this demand upon our own creeks and water courses, upon lands now unproductive? and yet this is but a single illustration of neglected resources that require no labor worth speak-

ing of, a large source of revenue that is thrown away. Our competition with other nations is close, and growing closer; we must buckle down to our work, and neglect nothing. We have honest weights and measures fixed by law; let us insist upon the restoration of THE GREAT MEASURE OF MEASURES, AN HONEST MONEY. This I consider the prime essential for the restoration of that certainty and confidence, which will revive enterprise and with it prosperity.

The period of the war of 1776 is often spoken of as "the time which tried men's souls," but we are living now in times which test our capacities for self-government more than any we have passed through. There are evils which affect our prosperity more than war; war comes openly, and we know how to meet it; but an insidious, debased coin, or a redundant currency, raises fallacious hopes, and leaves burdensome debts and crushing taxation. Let me read to you an extract from an English historian, of events nearly 200 years ago, in 1695. It is Macauley who writes:

"The evils produced by this state of the currency were not such as have generally been thought worthy to occupy a prominent place in history. Yet it may well be doubted, whether all the misery which had been inflicted on the English nation, in a quarter of a century by bad kings, bad ministers, bad parliaments and bad judges, was equal to the misery caused in a single year, by bad crowns and bad shillings. Those events which furnish the best themes for pathetic or indignant eloquence, are not always those which most affect the happiness of the great body of the people.

"The misgovernment of Charles and James, gross as it had been, had not prevented the common business of life from going steadily and prosperously on. While the honor and independence of the State were sold to a foreign power, while chartered rights were invaded, while fundamental laws were violated, hundreds of thousands of quiet, honest and industrious families, laborers and traders, ate their meals and lay down to rest in comfort and security. Whether Whigs or Tories, Protestants or Jesuits were uppermost, the grazier drove his beasts to market, the grocer weighed out his currants, the draper measured out his broad cloth, the hum of buyers and sellers was as loud as ever in the towns, the harvest home was celebrated as joyously as ever in the hamlets, the cream overflowed the pails of Cheshire, the apple juice foamed in the presses of Herefordshire, the piles of crockery glowed in the furnaces of the Trent, and the barrows of coal rolled fast along the timber railways of the Tyne. But when the great instrument of exchange became thoroughly deranged, all trade, all industry, were smitten as with a palsy. The evil was felt daily and hourly in almost every place, and by almost every class, in the dairy and on the threshing floor, by the anvil and by the loom, on the billows of the ocean and in the depths of the

mine. Nothing could be purchased without a dispute. Over every counter there was wrangling from morning till night. The workman and his employer had a quarrel as regularly as the Saturday came round. On a fair day or a market day the clamors, the reproaches, the taunts, the curses were incessant; and it was well if no booth was overturned and no head broken. No merchant would contract to deliver goods without making some stipulation about the quality of the coin in which he was to be paid. Even men of business were often bewildered by the confusion into which all pecuniary transactions were thrown. The simple and careless were pillaged without mercy by extortioners whose demands grew even more rapidly than the money shrank."

What is the remedy? Retrenchment, economy, civil service and tariff reforms I have spoken of, *and I class the restoration of a stable standard of value as the prime and chief essential*. But for all these we must come back to the people themselves. They are the source of all political power, and if the fountain is muddy the stream will not be clear; if the people are weak, ignorant, dishonest, we must expect them to choose rulers like unto themselves.

Ignorance and dishonesty lose none of their force by being massed; it is rather increased. Where shall we, in our quiet little Delaware, seek our best remedy for our share of present trouble? Most of you live in the country; you have planted and cultivated trees; sometimes you have seen them languishing; you see the effects in the twig or in the leaf, but you know the cause *lies* at the *root*. Under the ground you seek the germ of evil; the cut worm, the insect, or vermin, or the unfit nature of the soil. It is so in our daily lives, in the government of our people. A nation is but an aggregation of individuals. A community of virtuous families will be safe and happy no matter what their form of government. A fireside circle where honesty is the test and example—affirmative and self-asserting honesty—will extend itself through the morals and conduct of all the agencies of government. And who are the guardians of homes? I turn to you, mothers, daughters and sisters; your domain is there. The earliest lessons of infancy and childhood are the controlling lessons of our lives. It is in the tender years that the mind and body are most easily shaped. It is the formative period of human lives for weal or woe, and the mothers of a people have a power, a responsibility over the character and tone of the nation that no merely human laws can give, and of it none can deprive them. We men of this day and generation must stand by our honest convictions regardless of the passing gusts of boisterous and passionate popularity, for it is not these which will waft our ship to port in safety, but rather the calm and steady trade winds of integrity and self-control will surely bear us to the haven of prosperity and happiness.

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